

HB 1344 -- RESERVATION OF RIGHTS STATEMENTS BY INSURERS

SPONSOR: Gosen

This bill allows insurers to provide an insured person with a statement of reservation of rights which gives reasons why the insurer is not required to defend or indemnify the insured individual without the possibility that such statement would be used in a civil action to show proof of a breach of duty on the part of the insurer.

The bill also requires that insurers have an opportunity to defend or decline to defend an insured individual with whom they have a contract in an action against such individual leading to claims against the insurer. Creditors must show that the insurer had such opportunity in order to collect a garnishment against the insurer.

The bill also prohibits an insurer from being forced to enter into a contract to limit recovery between its insured and a third party who has an unliquidated damage claim against the insured.